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STATE PASS USTR FOR DAVID BISBEE, RACHEL BAE
COMMERCE FOR OASIA HONG PHONG PHO
GENEVA FOR USTR

E.O. 12958: N/A
TAGS: ETRD ECON WTRO VM
SUBJECT: NEW REGULATION ON COSMETICS REGISTRATION

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DISTRIBUTION.

¶1. (SBU) Summary: U.S. cosmetics firms have expressed concerns over
the Ministry of Health's (MOH) recent Decision No. 35/2006-QD-BYT
that implements a new registration process for cosmetics products.
The Decision, which takes effect December 20, subjects more
categories of cosmetics products for registration than previous
regulations. One immediate concern is the impact the new
registration process will have on products already on the shelves or
shipments of new products en route to Vietnam. Econ Counselor met
with MOH officials to raise general questions and concerns about the
new regulations. MOH officials said they were aware of the
concerns, had consulted with industry, and were in the process of
working on ways to make sure they would not impede trade. End
Summary.

¶2. (SBU) U.S. firms have recently raised concerns over a new MOH
regulation, Decision 35/2006-QD-BYT, dated November 10, 2006.
Decision 35 outlines the process for registering cosmetics products
in Vietnam, including imports. The Decision was published in
Vietnam's Official Gazette on December 5 and takes effect 15 days
later on December 20. An appendix to the Decision lists 20
categories of cosmetics that are subject to the registration process
outlined in the Decision. This newly-formulated list incorporates
categories such as hair care products and mascara, among others,
which were not previously subject to import registration
requirements.

¶3. (SBU) According to one industry representative, the MOH
registration process typically takes three months. U.S. firms are
concerned about the impact of Decision 35 on existing products on
the shelves already or en route to Vietnam that did not previously
require registration. More broadly, firms are concerned that the
new registration requirements will cause additional expenses and
delays.

¶4. (SBU) Econ Counselor met with Mr. Nguyen Van Thanh, Deputy
Director General of the Drug Administration of Vietnam in the
Ministry of Health (MOH) on December 7 to ask general questions and
raise concerns expressed by industry. He also referred generally to
the Bilateral Trade Agreement and the Technical Barriers to Trade
(TBT) agreement of the WTO. In response, Mr. Thanh pointed to a
letter in hand MOH had already received signed by a number of
cosmetics firms, including Proctor and Gamble and Avon, that had
raised the same questions.

¶6. (SBU) Thanh said the new system is designed to bring Vietnam into
compliance with other ASEAN countries. While the old registration
system nominally covered five categories of products, those

categories were broad enough actually to cover 15 of the 20 categories listed under the new system, he said. He stressed that MOH had already consulted with cosmetic firms through seminars and other meetings in the drafting of the new regulation. He also said they did not want to impede trade and were considering how they could work with the Customs administration to make sure they did not interrupt trade. One idea, for example, would be to allow importers to submit the paper work some time after the importation had taken place. He also maintained that registrations for existing products would remain in effect until their normal expiration. Asked about the role of the Ministry of Trade in the process, Thanh said MOH had consulted with all the appropriate government agencies.

¶7. (SBU) MOH officials and Econ Counselor agreed to stay in touch on further developments. Post will also follow up with a meeting with Ministry of Trade on this issue.

MARINE